

**IN THE UNITED STATES DISTRICT COURT**  
**FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<b>UNITED STATES OF AMERICA</b>	<b>:</b>	<b>CRIMINAL NO.</b> _____
<b>v.</b>	<b>:</b>	<b>DATE FILED:</b> _____
<b>MICHAEL ST. CLAIR</b>	<b>:</b>	<b>VIOLATIONS:</b>
<b>JACQUELINE ST. CLAIR,</b>		<b>26 U.S.C. § 7206(1) (false tax returns –</b>
<b>a/k/a “JACQUELINE WHOELER”</b>	<b>:</b>	<b>5 counts)</b>

**INDICTMENT**

**COUNT ONE**

**THE GRAND JURY CHARGES THAT:**

**BACKGROUND**

At all times material to this indictment:

1. Defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR were a married couple who owned and operated two concrete companies, M.D. St. Clair Concrete Company, Inc. (“MD St. Clair”) and MDSC Concrete Contractors, Inc. (“MDSC”). Defendant MICHAEL ST. CLAIR was the president and 100% shareholder of MD St. Clair from in or about 1989 until the company ceased operations in or about March 1999. In or about April 1999, defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR formed MDSC, of which defendant JACQUELINE ST. CLAIR was the president and 100% shareholder. Defendant JACQUELINE ST. CLAIR also maintained the books and records for both businesses.

2. In or around February 1996, defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR purchased a 200 year-old farmhouse on approximately 11 acres in New Hope, Pennsylvania. The approximately 2,500 square-foot house consisted of two bedrooms and two bathrooms, and cost approximately \$450,000. The house was to become the

personal residence of defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR.

3. Beginning in or around 1999, defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR undertook an elaborate expansion and renovation of their personal residence, which they paid for with corporate funds. From in or about January 1999 to in or about December 2001, defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR issued checks totaling approximately \$370,019 from the business checking accounts of MD St. Clair and MDSC to pay contractors who worked on the renovations of the residence and vendors who supplied the materials used in the renovations. These personal expenditures included, among other things, approximately \$8,259 in lumber in 1999, approximately \$45,212 for framing services and approximately \$19,588 in lumber in 2000, and approximately \$26,031 in roofing slate, approximately \$22,500 for the installation of heating and air conditioning systems, and approximately \$10,885 in plumbing fixtures for 2001.

4. Defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR never made their accountants aware of the expansion and renovations to their personal residence, and concealed from their accountants the fact that the expansion and renovations were being paid for with corporate checks.

5. As a result of the expansion and renovations, defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR nearly quadrupled the size of their personal residence to approximately 10,000 square feet, adding four additional bedrooms and three and one-half additional bathrooms, and increasing the value of the home to approximately \$3 million.

6. Defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR did not report as income as they were required by law to do the approximately \$370,019 in

construction services they received for their personal residence, which were funded by their corporations. Instead, defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR deducted these personal expenditures on the corporate tax returns of their businesses, MD St. Clair, for calendar year 1999, and MDSC, for calendar years 1999 through 2001.

7. Defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR reported so little personal income on their joint tax returns for the calendar years 2000 and 2001, that they qualified for the Earned Income Tax Credit, a refundable federal income tax credit designed to benefit low-income working individuals and families.

8. In or about March 1999, MD St. Clair received \$150,000 as settlement of a lawsuit over payment for concrete work that MD St. Clair had performed for another corporation. In or about August 2001, defendant JACQUELINE ST. CLAIR falsely categorized \$150,000 in corporate gross receipts as a loan from the shareholder, defendant MICHAEL ST. CLAIR, to the corporation. As a result of the misrepresentation of defendant JACQUELINE ST. CLAIR, the \$150,000 was never recorded as income on MD St. Clair's books and records in 1999, and was falsely included as a loan from the shareholder to the company.

9. Between on or about May 17, 1999 and May 18, 1999, MD St. Clair issued two checks, totaling \$22,000 that were made payable to defendant JACQUELINE ST. CLAIR. On or about August 21, 2001, defendant JACQUELINE ST. CLAIR falsely instructed the accountant to categorize the \$22,000 as a business deduction, claiming that the two checks had been paid by MD St. Clair to its concrete supplier. As a result of the misrepresentation of defendant JACQUELINE ST. CLAIR, MD St. Clair received an additional \$22,000 in false business deductions on its tax returns.

10. On December 10, 1999, Kevin St. Clair, brother of defendant MICHAEL ST. CLAIR, cashed a \$6,000 check at K&B Check Cashing in Philadelphia at the direction of defendant MICHAEL ST. CLAIR. The check, which was dated December 10, 1999, was payable to MDSC from Greendale Construction Company, and was payment to MDSC for work the company had performed. The \$6,000 was never deposited into MDSC's business accounts, and was not recorded as income to MDSC in 1999.

11. On December 14, 2001, defendant MICHAEL ST. CLAIR cashed a \$6,000 check at Check Cashing Station. The check, which was dated December 7, 2001, was payable to MDSC from Greendale Construction Company, and was payment to MDSC for work the company had performed. The \$6,000 was never deposited into MDSC's business accounts and was not recorded as income to MDSC in 2001.

**FALSE TAX RETURN OF MICHAEL ST. CLAIR AND  
JACQUELINE ST. CLAIR, a/k/a "JACQUELINE WHOELER" – 1999**

12. On or about October 11, 2001, in the Eastern District of Pennsylvania, defendants

**MICHAEL ST. CLAIR, and  
JACQUELINE ST. CLAIR,  
a/k/a "JACQUELINE WHOELER"**

willfully made and subscribed a joint United States income tax return, Form 1040, for the calendar year 1999, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR did not believe to be true and correct as to every material matter, in that the return substantially under reported their total income as \$51,200, when in fact,

as defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR well knew, their total income was substantially more than what they reported, in that they received approximately \$65,077 in unreported income from their business, MD St. Clair Concrete Company, Inc., approximately \$6,000 in diverted gross receipts from their business, MDSC Concrete Contractors, Inc., and approximately \$31,073 in unreported construction services for their personal residence which were funded by their business, MDSC Concrete Contractors, Inc.

In violation of Title 26, United States Code, Section 7206(1).

**COUNT TWO**

**FALSE TAX RETURN OF MICHAEL ST. CLAIR  
JACQUELINE ST. CLAIR, a/k/a "JACQUELINE WHOELER" – 2000**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 11 of Count One are incorporated here.
2. On or about October 11, 2001, in the Eastern District of Pennsylvania,

defendants

**MICHAEL ST. CLAIR, and  
JACQUELINE ST. CLAIR,  
a/k/a "JACQUELINE WHOELER"**

willfully made and subscribed a joint United States income tax return, Form 1040, for the calendar year 2000, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR did not believe to be true and correct as to every material matter, in that the return substantially under reported their total income as \$20,000, when in fact, as defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR well knew, their total income was substantially more than what they reported, in that they received approximately \$140,650 in unreported construction services for their personal residence which were funded by their corporation, MDSC Concrete Contractors, Inc.

In violation of Title 26, United States Code, Section 7206(1).

**COUNT THREE**

**FALSE TAX RETURN OF MICHAEL ST. CLAIR AND  
JACQUELINE ST. CLAIR, a/k/a "JACQUELINE WHOELER" – 2001**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 11 of Count One are incorporated here.
2. On or about October 15, 2002, in the Eastern District of Pennsylvania,

defendants

**MICHAEL ST. CLAIR, and  
JACQUELINE ST. CLAIR,  
a/k/a "JACQUELINE WHOELER"**

willfully made and subscribed a joint United States income tax return, Form 1040, for the calendar year 2001, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR did not believe to be true and correct as to every material matter, in that the return substantially under reported their total income as \$25,000, when in fact, as defendants MICHAEL ST. CLAIR and JACQUELINE ST. CLAIR well knew, their total income was substantially more than what they reported, in that they received more than approximately \$196,256 in unreported construction services for their personal residence which were funded by their corporation, MDSC Concrete Contractors, Inc., and approximately \$6,000 in diverted gross receipts from their business, MDSC Concrete Contractors, Inc.

In violation of Title 26, United States Code, Section 7206(1).

**COUNT FOUR**

**FALSE TAX RETURN OF MDSC CONCRETE CONTRACTORS, INC. – 2000**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 11 of Count One are incorporated here.
2. On or about February 28, 2002, in the Eastern District of Pennsylvania,

defendant

**JACQUELINE ST. CLAIR,  
a/k/a “JACQUELINE WHOELER”**

willfully made and subscribed a United States income tax return, Form 1120, for MDSC Concrete Contractors, Inc. for the calendar year 2000, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendant JACQUELINE ST. CLAIR did not believe to be true and correct as to every material matter, in that the return substantially over reported total deductions of MDSC Concrete Contractors, Inc. as \$1,506,992, when in fact, as defendant JACQUELINE ST. CLAIR well knew, the total deductions for MDSC Concrete Contractors, Inc. were substantially less than what she reported, in that approximately \$140,650 of the claimed deductions were personal expenditures used to fund construction services for JACQUELINE ST. CLAIR’s personal residence.

In violation of Title 26, United States Code, Section 7206(1).



**COUNT FIVE**

**FALSE TAX RETURN OF MDSC CONCRETE CONTRACTORS, INC. – 2001**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 11 of Count One are incorporated here.
2. On or about October 15, 2002, in the Eastern District of Pennsylvania,

defendant

**JACQUELINE ST. CLAIR,  
a/k/a “JACQUELINE WHOELER”**

willfully made and subscribed a United States income tax return, Form 1120, for MDSC Concrete Contractors, Inc. for the calendar year 2001, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendant JACQUELINE ST. CLAIR did not believe to be true and correct as to every material matter, in that the return both failed to report approximately \$6,000 in gross receipts for MDSC Concrete Contractors, Inc., and substantially over reported total deductions of MDSC Concrete Contractors, Inc. as \$1,805,918, when in fact, as defendant JACQUELINE ST. CLAIR well knew, the total deductions for MDSC Concrete Contractors, Inc. were substantially less than what she reported, in that approximately \$196,255 of the claimed business deductions were personal expenditures used to fund construction services for JACQUELINE ST. CLAIR’s personal residence.

In violation of Title 26, United States Code, Section 7206(1).

**A TRUE BILL:**

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**GRAND JURY FOREPERSON**

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**PATRICK L. MEEHAN  
UNITED STATES ATTORNEY**